

**Managed Risk Medical Insurance Board
January 26, 2005**

Board Members Present: Cliff Allenby, Areta Crowell, Ph.D., Richard Figueroa, Virginia Gotlieb, M.P.H.

Ex Officio Members Present: Jack Campana, Ed Heidig (standing in for Ed Mendoza), David Topp

Staff Present: Lesley Cummings, Denise Arend, Laura Rosenthal, Janette Lopez, Tom Williams, Jeanne Brode, Ernesto Sanchez, JoAnne French

Chairman Allenby called the meeting to order and recessed it for executive session. At the conclusion of executive session, the meeting was reconvened.

REVIEW AND APPROVAL OF MINUTES OF DECEMBER 15, 2004, MEETING

A motion was made and unanimously passed to approve the minutes of the December 15, 2005, meeting.

OVERVIEW OF GOVERNOR'S BUDGET PROPOSAL

Prior to staff review of the Governor's budget, Lesley Cummings, noting several areas in which the budget provided resources for MRMIB's workload problems, expressed gratitude to the California Health and Human Services Agency and the Department of Finance for their efforts in addressing these problem areas in the budget.

Tom Williams acknowledged MRMIB staff, Glenn Hair, Kim Elliott, and Willie Walton, for their work on the budget. The budget proposes \$1.05 billion and 92 positions for MRMIB, an increase from last year of \$65.6 million and 27.5 positions. However, the budget also includes an unallocated reduction of nearly \$1 million—the equivalent of 13 positions. Mr. Williams gave specific details of how the budget affects the programs MRMIB administers. Highlights include:

- Full funding for the projected annual enrollment in HFP and AIM; Prop 99 funding for MRMIP remaining at \$40 million
- Restoration of application assistance fees for Healthy Families and Medi-Cal for Children

- Establishment of Medi-Cal to HFP bridge performance standards to increase the number of children placed on the bridge who actually end up enrolled in HFP after losing their Medi-Cal eligibility
- A shift in funding in AIM from Prop 99 funds to federal SCHIP funds to due to enrollment of infants born to AIM mothers directly into HFP, and the exercise of the federal option to draw SCHIP funds for prenatal care. This option is also being used in the Medi-Cal program to cover pregnant women receiving state-funded pregnancy services.
- A partnership with California Children and Families Commission (First 5) for staff to support counties in development and expansion of their Healthy Kids Programs

Mr. Williams noted, however, that funding for the Consumer Assessment of Health Plans Survey (CAHPS) and collection of encounter data was not included in the budget.

Dr. Crowell commended staff for an excellent report and indicated that she particularly liked the chart showing the ratio of HFP staff to enrollment over time.

Ms. Gottlieb requested more information on the Medi-Cal to HFP bridge performance standards being established by the Department of Health Services. Mr. Topp explained that a couple of years ago the budget authorized the state to establish performance standards for certain areas of Medi-Cal eligibility determination and penalize counties for lack of performance. The budget proposes to add the bridge to the standards that counties have to maintain. Ms. Gottlieb asked whether there was adequate performance monitoring. She said MRMIB has an obligation to keep on an eye on this population. Mr. Topp replied that due to state staff reductions there has not been much monitoring but that the budget would address the area by allowing outside vendors to evaluate compliance. Ms. Cummings said she would invite DHS to a subsequent Board meeting to answer Board members' questions about the bridge performance standards. Dr. Crowell asked that the presentation also include a discussion of the Medi-Cal redesign proposal to have some Medi-Cal eligibility determinations completed at the Single Point of Entry.

Mr. Figueroa pointed out that adding coverage for pregnant women using SCHIP funds will decrease the availability of federal funding and make it more difficult to add parents. He suggested that if the Administration pursued submission of the state plan amendment (SPA), it should talk to Planned Parenthood about drafting because it raises a sensitive issue by characterizing the target population as "children not born." Mr. Topp replied that the Administration definitely planned to submit the SPA and would be working with the advocates. Chairman Allenby asked if there were any further questions, or public comment; there were none.

LEGISLATIVE UPDATE

State Bill Summary

Jeanne Brode reviewed bills MRMIB staff is tracking and indicated that an analysis of AB 89 (J. Horton) will be provided at the next meeting.

SB 23 (Migden)

Ms. Brode presented an analysis of SB 23, the purpose of which is to increase employer and employee awareness of HFP and Medi-Cal by requiring employers to provide information about these programs to their employees. It further requires MRMIB to establish a mechanism for payroll deductions. She reviewed the costs associated with implementation of the measure (\$3,970,000 combined general and federal funds the first budget year, and \$5,244,000 combined funds in the second year) and noted several concerns. These included the relative priority of this type of outreach compared with other forms, now unfunded, such as application assistance, grants to community-based organizations, and media campaigns, and the possibility that the SB 23 approach might create “crowd out” of employer-sponsored coverage.

Jack Campana pointed out that outreach to employers was appropriate given that many employers do not insure dependents, just employees. He also expressed concern about “crowd out.” Laura Rosenthal replied that staff is concerned about most effective way of doing outreach. Chairman Allenby asked if there were any questions or comments; there were none.

HEALTHY FAMILIES PROGRAM (HFP) UPDATE

Enrollment and Single Point of Entry Reports

Ernesto Sanchez reported there are 705,000 children enrolled in HFP as of January 26. He reviewed the enrollment data regarding ethnicity, gender, and the top five counties in enrollment, and the SPE statistics, including the percentage of applications processed with and without assistance. Supplemental graphs indicated enrollment continues to rise.

Administrative Vendor Performance Report

Ernesto Sanchez presented the administrative vendor (AV) performance reports for HFP and SPE. MAXIMUS is the AV for these programs. The report lists the performance measures contained in the contract between MRMIB and MAXIMUS, and MAXIMUS’ performance in each category. For the month of December 2004 MAXIMUS met all seven performance standards for HFP and all four performance standards for SPE.

2003 CHIS Estimate of HFP Eligible, But Unenrolled Children

Ms. Cummings presented a fact sheet recently published by the University of California Center for Health Policy Research estimating the number of uninsured children and the extent to which they are eligible for public programs based on the Children's Health Insurance Survey (CHIS) of 2003. The fact sheet is a preview of a more formal report to be released in April. There has been a significant decrease in the number of uninsured children compared to 2001. Employer-sponsored coverage actually declined during this period, with the increase in the number of covered children resulting from increased enrollment into Medi-Cal and HFP. While progress has been made, the fact that there were 782,000 children uninsured at the time of the CHIS 2003 interview (224,000 of whom were eligible for Healthy Families and 202,000 of whom were eligible for Medi-Cal) makes it clear there is still work to be done. The restoration of funding for application assistance will help increase enrollment. The statistics in the report give a sense of what it would take to establish universal insurance for all children.

Chairman Allenby called for public comment.

Celia Valdez, Maternal and Child Health Access in Los Angeles, emphasized points they made in a letter to the Board supporting grant-based funding rather than application assistance. Some organizations in small counties prefer the fee approach. But, grant-based funding would provide more comprehensive assistance to families so that all their needs could be met at one time in one place. Most families need more than just Medi-Cal or HFP. Retention is crucial and case management and follow-up are essential services to increasing the number of children who remain in coverage. They are concerned that CAAs might (wrongfully) charge families for assistance and noted that the system had been poorly managed in the past.

Chairman Allenby thanked Ms. Valdez for her comments and asked if there were any questions or further comments; there were none.

First Draft 2005 Subscriber Premium Rates Regulations

Ms. Cummings presented the first draft of regulations that would increase premiums by \$6 per child for families with incomes above 200% of the federal poverty level (fpl). The change, which was enacted in the 2004 health trailer bill to the budget, will become effective July 1, 2005. The final regulations will be presented at the next Board meeting. Chairman Allenby asked how these changes relate to premium increases proposed in Medi-Cal redesign. Ms. Cummings replied that Medi-Cal would establish premium payments for families at around 100% to 133% of fpl, which is below the eligibility threshold for HFP.

Advisory Panel Vacancies

Janette Lopez provided the staff recommendations to fill vacancies on the Advisory Panel as follows:

<u>Name</u>	<u>Category Represented</u>
Maria S. Villalpando	Subscriber
Margaret Jacobs	Subscriber with Special Needs
Paul Morris, D.D.S.	Licensed Practicing Dentist
Martha Jazo-Bajet	Health Plan Community
Jack Campana	Education
William Arroyo, M.D.	Mental Health

Ms. Villalpando and Dr. Morris are new to the Panel; the remainder of the representatives has served on the Panel in the past. Dr. Crowell indicated that she was very pleased with the recommendations and the experience the representatives add to the Panel. A motion was made and unanimously passed to approve the recommendations for the Advisory Panel. Mr. Campana said it has been a pleasure for him to serve and that he thought the Advisory Panel was an excellent group. He added that the Panel has benefited from Dr. Crowell's and Ms. Gottlieb's attendance at most of the meetings. He encouraged Board members and members of the public to attend.

Proposed Assignment of Sharp Health Plan Contract to Molina Health Plan

Denise Arend reported that Molina has now acquired 88% of the providers from Sharp. They are continuing to work with staff to ensure the appropriate level of C&L services will be provided. Staff has not received any further information regarding a similar proposal for assignment of Universal Care's contract to Molina.

Chris Mardesich, Universal Care, reported they have been working diligently with Molina, DHS and DMHC to ensure all issues are worked out.

Joanne Zarza-Garrido, Molina Health Plan, said they currently have 61% of Universal's providers, a percentage that will increase. She indicated that she had information on cultural and linguistic services to give to staff after the meeting.

Kathlyn Mead, Sharp Health Plan President and CEO, said Sharp is seeking assistance from the Board and the staff in establishing an effective date for the transition concomitant with the DHS transition. She noted that Medi-Cal had established a date of May 1 which would mean that letters to subscribers would go out March 1. They would like to also notify HFP families on March 1, with an effective date of May 1. Making both transactions (HFP and Medi-Cal) occur

simultaneously would best serve the families, particularly those families with children in both programs. DHS is satisfied with the assignment process. While she understands the concern about providing families with a choice of plans, they will be able to change from Molina at open enrollment. Providing notification of assignment prior to open enrollment is important because subscribers presently enrolled with Sharp will be confused when Sharp is not an option during open enrollment. With Molina, 88% of subscribers would see the same providers, with all subscribers being given a choice through the open enrollment process. They are waiting for final word from DMHC.

Christine Nelson, Blue Cross of California, said they were saddened to learn they would be losing Sharp as a partner in the San Diego area. Blue Cross is familiar with the need to guarantee consumer choice based on their experience in switching from an HMO to an EPO in Orange County in 2003. There had been 15,000 members who transitioned out of the HMO during a special enrollment process. That transition was expertly guided by MRMIB staff. Blue Cross is offering the benefit of its experience if it would assist with the transfer in San Diego.

Mark Andrews with Molina added that they have been working closely with the three agencies concerned. He suggested MRMIB staff contact DHS and they would find that DHS' view is that Molina is in good shape. He spoke to DMHC on Monday and was told that while there was additional work to do, they also think Molina is in good shape. The public meeting held in San Diego went well—there was no negative feedback. He offered to make the transcript of the meeting available. There is no question there is still more work to be done, and they are confident the issues will be worked out. They are at 88% with Sharp. Seven percent are related to two clinics. With those two clinics, they would be at 95%. They are looking to the Board for direction as to what the next steps will be.

Ms. Gotlieb said she would like a copy of the public hearing transcript, and asked if the 95% is providers or subscribers. Mr. Andrews replied subscribers. He added that there is discrepancy between MRMIB numbers and Sharp numbers that needs clarification. Ms. Gotlieb expressed concern that the notification make it very clear to subscribers that there will also be an open enrollment. Having two announcements instead of one could cause confusion. Mr. Andrews offered to work with staff to craft the language, noting that Molina had done this before.

Ms. Gotlieb asked how AIM would be handled. Mr. Andrews said AIM has now been included. Ms. Gottlieb asked whether Molina had an adequate provider network to serve pregnant women. Mr. Figueroa noted that state law protects pregnant women from having to switch providers after the first trimester.

Ms. Cummings asked why May 1 had been chosen as the date for the change to occur, pointing out staff's preference that changes occur at the beginning of the contract year rather than in the last two months of a contract, during open

enrollment—that the plans complete their current contract. All three plans have submitted proposals for the next contract period. Why can't the contracts be completed and transition occur in the next contract year? Ms. Mead said Sharp completed the solicitation process in case the transition does not get approved.

Mr. Mardesich said Universal Care's concerns are exactly the same as Sharp's. Mr. Figueroa asked if Sharp is further along than Universal in terms of the percentage of providers. Mr. Mardesich replied that the difference has to do with the percentage of providers to members. The difference can be closed within the timeline. Mr. Andrews added that the strategy was to focus on Sharp because of the high degree of overlap. As far as DHS is concerned the transition can proceed. Mr. Topp asked what would happen if Universal was still at 66% on March 1—would they proceed with Sharp first and transition Universal Care later. Mr. Andrews said they would proceed with Sharp, but they do plan to reach all goals by March 1. Mr. Topp asked staff if they have talked to DHS. Ms. Arend responded that staff last talked to DHS the first part of January and was told that there was progress on making the transfer.

Chairman Allenby pointed out that there will be no meeting in February, and asked staff what they needed from the Board to resolve the issue. Ms. Cummings replied that it would be useful to know the Board's views about whether assignment was appropriate so close to the end of a contract and if so, under what circumstances, including the threshold percentage of providers. Mr. Allenby replied that, while choice is important, he thought it was all right if subscribers receive notice making it very clear the transition is for a short period of time and they will have the opportunity to make a full choice within approximately two months, assuming everything else was done appropriately. The enrollees need to be reassured that protecting their rights to choose a provider and continuity of care is the Board's priority. Ms. Crowell added that Ms. Mead's argument about the need to be in alignment with the date that Medi-Cal sends notices had caused her to change her mind and to be supportive. Ms. Gottlieb agreed and added that language in the notice should emphasize the degree of continuity and the priority of protecting subscribers, even for a matter of a few months.

ACCESS FOR INFANTS AND MOTHERS (AIM) UPDATE

Enrollment Report

Mr. Sanchez reported that there are currently 5,742 mothers and 13,451 infants enrolled in the program. He reviewed the enrollment data, including ethnicity, infant gender, and the counties and health plans with the highest percentage of enrollment.

AIM Contract Amendment Package for 2005/06

Ms. Arend asked for the Board's approval of the AIM contract amendments for 2005-06. A motion was made and unanimously passed to approve the contract amendments as presented.

MAJOR RISK MEDICAL INSURANCE PROGRAM (MRMIP) UPDATE

Enrollment Report

Mr. Sanchez reported that there are currently 9,071 people enrolled in the program. As of January 1, there are 44 on the waiting list serving the post-enrollment waiting period. During the past month, 320 people were disenrolled pursuant to AB 1401. The total number of 36-month disenrollments to-date is 10,171. The program remains open to new subscribers since the current enrollment is below the cap of 10,718. Mr. Sanchez noted that approximately 1,100 will reach the 36-month limit in the next year. He also responded to a question raised by Dr. Crowell at the last meeting on the validity of the ethnicity data in that enrollment report. He affirmed that the data was accurate and noted that there could be wide swings in statistics because the numbers are small and disenrollments can affect the statistics significantly.

There being no further business to come before the Board, the meeting was adjourned.